

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

STATEMENT OF

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BEFORE THE COMMITTEE ON

COMMERCE, SCIENCE AND TRANSPORTATION

UNITED STATES SENATE

ON

PORT AND MARITIME SECURITY

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Mr. Chairman and Members of the Committee:

I welcome the opportunity to be here today to discuss the important issue of port and maritime security on behalf of the Maritime Administration (MARAD). I would first like to thank the Committee for your continued efforts in this area. The security of our ports is vital to our Nation's economic and national security. A disruption of the flow of cargo through our ports could have a significant negative impact on our economy and our military readiness.

Ports around the world contend with security issues such as alien smuggling, cargo theft, drug smuggling and terrorist activities. Simply having the ability to move large quantities of cargo through a port in a short period of time is no longer enough in order to remain both safe and competitive. Security lapses at port facilities can cause cargo handling delays or losses, and jeopardize personal safety and society at large. Security weaknesses in and around our ports reduce competitiveness, threaten military readiness and degrade our quality of life.

Government cooperation with industry to identify and improve security weaknesses, while at the same time maintaining or improving upon the efficiencies for the movement of cargo, is the basis upon which all port security measures should be approached. Because we are focused on the development and maintenance of a strong maritime industry for both economic and national security purposes, MARAD is uniquely positioned to help ensure that both objectives continue to be met while concurrently focusing on new security measures.

THE NEED FOR HEIGHTENED PORT SECURITY

In April of 1999, an Executive Memorandum established an Interagency Commission on Crime and Security in U.S. Seaports (The Commission). The Commission's objective was to undertake a comprehensive review of seaport crime, the state of seaport security and the ways in which Government is responding to the problem. The Commission report, completed in August 2000, specifically identified threats to seaports and makes recommendations intended to reduce the vulnerability of maritime commerce, national security and the infrastructure that supports them.

Many factors contribute to the need for increased port and maritime security. As the Commission pointed out in its report, thefts of high technology cargoes alone, from U.S. manufacturers and their customers, may exceed \$5 billion annually in direct and indirect costs. The cost of cargo theft is not limited to the manufacturer's expenses to produce a certain product. Among other things, theft costs include lost

productivity, lost time and resources spent with police, attorneys, and claims adjusters. Theft also results in increased insurance premiums, greater liability exposure, lost trade, erosion of goodwill and damaged reputation. Billions of dollars per year are stolen from us at the hands of thieves in and around our port areas as well as on various intermodal systems going to and from the ports. Underwriters are increasingly unwilling to insure high value cargo. Some view the problem as an impediment to the expansion of international trade. In the end, the annual multi billion dollar cost of cargo theft is borne by you and me, as taxpayers and consumers.

Immigration crimes including alien smuggling and stowaways continue to be a major seaport security challenge. Stowaways, in particular, are a significant concern for many U.S. ports. Vessels arriving in the U.S. from third world countries frequently carry stowaways hiding on the ship or in empty containers. Ship's crews spend precious time inspecting the ship and empty containers prior to departure from foreign ports seeking to ensure that stowaways are not aboard. These same crewmembers also jeopardize their safety by confronting determined stowaways desperate to seek a better life. The discovery of stowaways aboard a vessel can cost the operator hundreds of thousands of dollars in route diversion costs. The discovery of stowaways in port can result in a disruption of cargo services and expensive delays. Vessel operators are responsible not only for the complete costs of repatriating the stowaways but are generally subject to fines for violating immigration laws. The financial costs to steamship companies in a highly competitive global market can be very significant.

Even so, the financial aspects of this issue pale in comparison to the toll in human life that is levied upon stowaways each year. In one of the most shocking incidents, 54 Chinese nationals were found dead in a truck last year that had crossed from Belgium to the United Kingdom. Efforts to eradicate this practice will not only save money but, more importantly, will save lives.

The problems created by stowaways domestically also point directly to the shortcomings of port security abroad and security aboard merchant vessels generally. International seaport cooperation and recognition of the problem is essential to the eradication of this problem. Strict control of access to port areas, containers and ships is critical. Without international cooperation, immigration crimes will continue to plague our ports and hinder international trade.

Drug smuggling is the most prevalent crime affecting seaport security, and results in a significant economic impact. Inspections of arriving passenger and cargo ships must be sufficiently effective to deter smugglers, yet not so intrusive as to hinder the smooth flow of cargo to and from port areas. In an era where "just-in-time" logistics allows companies to maintain their competitive edge, undue delays to prevent the importation of contraband can upset entire supply chains with a ripple effect of negative consequences across the globe.

Terrorism is also a concern for seaport security. The threat of such activity and the vulnerability of seaports are the reasons for concern. While U.S. airports and land border crossings have well structured security measures, our ports do not enjoy the same level of security even though they offer unparalleled intermodal access to our nation's interior. Addressing port vulnerabilities is key to ensuring that our ports are not targeted for terrorist and criminal activities. Moreover, most of the serious crimes that take place in our seaports are in fact violations of Federal law. For this

reason, it makes good sense for the Federal Government to achieve coordination among the various agencies concerned with port and maritime security and to work with the ports to explore ways to minimize criminal activity.

MARAD'S ROLE IN CONTRIBUTING TO PORT SECURITY

Infrastructure

Achieving appropriate levels of security in our seaports is not just a matter of heightened diligence. Port security infrastructure improvement is a critical aspect of modern port security needs. There exists a need for more secure port infrastructures both at home and abroad, and we support potential progress in this area.

Industry Relations

MARAD is well situated to help carry out many of the objectives of the seaport Commission's report, by working with industry and the ports to develop and implement meaningful voluntary guidelines on port security. We believe that partnering with industry on a voluntary basis is the key to progress. We also recognize that each port is different and that one size security plan does not fit all. That is why cooperation between Government and industry is necessary to achieve our common goal of secure ports while promoting marine transportation.

National Security

The movement of military cargoes through our commercial ports is standard practice. Because of our dual mission, MARAD works closely with both the maritime industry and the Department of Defense (DOD). As the Commission's report noted, forward deployment of U.S. troops and equipment overseas in this post Cold War era is declining. Ongoing base closure and realignment initiatives have resulted in the closure of several military owned and operated ports. As a result, U.S. commercial ports have become critical centers for military mobilizations. The security of commercial ports during times of military mobilization is therefore critical to national defense.

In developing port security standards MARAD continues to work to bridge the gap between military requirements and industry concerns. A National Port Readiness Network was established between MARAD, Coast Guard and various DOD Commands to ensure, in part, the readiness of commercial seaports in the event of a mobilization. MARAD, as the chair of the National Port Readiness Network (NPRN), also continues its effort to strengthen the NPRN in planning and coordination for military mobilization security at each of 13 commercial ports around the country designated as Strategic Ports.

Domestic Training

The United States Merchant Marine Academy's (USMMA) Global and Maritime Transportation School (GMATS) has teamed with the National Cargo Security Council as well as other key transportation and trade associations to offer leading edge training for professionals in the transportation industry. Among other courses, USMMA's continuing education program offers a comprehensive cargo security training program. The program consists of an intensive four-day training period using top industry,

law enforcement, and Government instructors. Program highlights include instruction in the areas of asset protection, organized crime threats, vulnerabilities of the freight transportation system, industry best practices for minimizing cargo theft and site visits to three major cargo handling facilities representing air, marine and rail modes. Participants also learn how to develop a cargo security management plan and to deal with losses efficiently.

GMATS has also developed customized security programs for Government agencies needing a better understanding of maritime security issues. The school also trains senior level merchant marine officers and naval reservists in pertinent maritime security issues as they relate to shipboard and port security. The intensive program is part of the two-week national sealift training program designed to improve readiness in the Ready Reserve Fleet and aboard American flag vessels in general.

MARAD has also been instrumental in developing a maritime and terrorism course for the Federal Law Enforcement Training Center. Over the last five years, MARAD has conducted training sessions for Gulf Coast port authorities on bomb threats to determine best practices and capabilities of various government agencies and bomb squads. Over 100 port personnel have been trained in this effort.

International

MARAD serves as Chair and Secretariat of the Technical Advisory Group (TAG) on Port Security of the Organization of American States (OAS) Inter-American Committee on Ports. The purpose of the port security TAG is to develop solutions and coordinate multilateral approaches to improving port security in the Western Hemisphere. The TAG seeks to: (1) develop a hemispheric approach to improving the security of the Inter-American maritime trade corridors; (2) develop a common port security strategy; (3) devise basic guidelines and minimum standards of security for ports of member countries of the OAS; and (4) organize and conduct annual courses planned under the Inter-American Port Security Training Program, managed by MARAD.

MARAD has had an on-going port security program with the Organization of American States (OAS) since the 1980s, including port security outreach. Since 1995, MARAD has been conducting port security training courses in the Western Hemisphere. Over 300 commercial port authority police and security personnel from the 34 member countries of the OAS have been trained.

MARAD engages in outreach to foreign countries and their port authorities to enhance the efficiencies of global commerce, which in turn benefit our own maritime industry. By its very nature, trade is an international business in which U.S. companies rely upon the security and efficiencies of foreign ports. For example, MARAD and the Port Authority of Argentina signed a bilateral document on June 24, 1999, declaring their intention to: (1) promote improved security of seaports and waterways, (2) exchange information in matters related to crime and security in seaports and waterways, and (3) develop and coordinate training programs for personnel responsible for seaport operations and security. This bilateral declaration began in multilateral sessions through the OAS Inter-American Committee on Ports.

Publications

MARAD has also played a lead role in developing DOT security publications. These include *Port Security: A National Planning Guide* and *Port Security: Security Force Management*. These guides provide local governments and the commercial maritime industry with a common basis upon which to establish port security standards and the outcomes expected from meeting those standards. MARAD also publishes a report entitled the, "*Maritime Security Report*". The report is an unclassified periodic publication prepared to inform the commercial maritime industry and senior Maritime Administration officials of international criminal activity and security issues which could pose a threat to U.S. commercial maritime interests and the movement of civilian cargoes in foreign trade. The *Maritime Security Report* is intended to increase awareness of the scope and severity of economic crime affecting U.S. maritime commerce in order to deter criminal exploitation of the maritime transportation system and improve port and cargo security in international trade corridors.

Conclusion

Mr. Chairman, we recognize the urgent need for better port security. We heartily support the recommendations of the port security Commission. We look forward to the opportunity to work with other agencies, the industry, and this Committee to improve port security in order to maintain the flow of cargo that is so important to our economy and our military readiness. We appreciate your willingness to consider our views on this topic. I would be happy to answer any questions you or the other Committee members may have at this time.

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